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Message Text

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ACTION NEA-12

INFO OCT-01 ADP-00 SS-14 RSR-01 RSC-01 /029 W
---------- 084930
P R 021615 Z APR 73
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC PRIORITY 3512
INFO AMEMBASSY AMMAN
AMEMBASSY ANKARA
AMEMBASSY ATHENS
AMEMBASSY BEIRUT
AMEMBASSY COLOMBO
AMEMBASSY DACCA
AMEMBASSY ISLAMABAD
AMEMBASSY JIDDA
AMEMBASSY KABUL
AMEMBASSY KATHMANDU
AMEMBASSY KUWAIT
AMEMBASSY NICOSIA
AMEMBASSY SANAA
AMEMBASSY TEL AVIV
AMEMBASSY TEHRAN
AMEMBASSY ABU DHABI
AMEMBASSY MANAMA
AMEMBASSY MUSCAT

S E C R E T SECTION 1 OF 2 NEW DELHI 3743

E. O. 11652: GDS
TAGS: OCON, IR, IN
SUBJ: NEA CHIEFS OF MISSION CONFERENCE - COUNTRY SUMMARY
FOR INDIA

REF: (A) STATE 055401; (B) STATE 059996

DEPARTMENT PASS INFO USINT CAIRO

BEGIN SUMMARY: THIS MESSAGE TRANSMITS INDIA COUNTRY SUMMARY
REQUESTED REFTEL. NO ACTION REQUIRED. END SUMMARY.

1. POLITICAL ASSESSMENT - PRIME MINISTER GANDHI NOW HOLDS
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MASSIVE MAJORITIES IN PARLIAMENT AND IN MOST STATE LEGISLATIVE ASSEMBLIES, BUT SHE AND THE CONGRESS PARTY FACE RISING OPPOSITION. IN ADDITION TO ENDEMIC SOCIO- ECONOMIC PROBLEMS, NOW INTENSIFIED BY DROUGHT, THERE ARE REGIONAL, LINGUISTIC AND COMMUNAL PROBLEMS IN SEVERAL STATES, INTERNAL SQUABBLING IN THE CONGRESS PARTY, LABOR UNREST AND GROWING CRITICISM OF A STATIC FOREIGN POLICY. THE OPPOSITION, THOUGH WEAK AND FRAGMENTED, IS VOCIFEROUS ON THESE AND OTHER ISSUES AND HAS PROVOKED THE PRIME MINISTER TO CHARGE IT WITH " REACTION" AND " COLLUSION" WITH UNSPECIFIED FOREIGN COUNTRIES (READ US AND CHINA). THE PRESS, WHICH HAD PREVIOUSLY GIVEN MRS. GANDHI THE BENEFIT OF THE DOUBT, IS NOW INCLINED TO POINT OUT GOVERNMENT FAILINGS - WHICH ARE PRINCIPALLY IN THE ECONOMIC AREA - IN SHARPLY CRITICAL FASHION. IF AN ELECTION WERE HELD TODAY, MRS. GHANDI WOULD WIN. NEXT YEAR AND AFTER (THE NEXT GENERAL ELECTION IS DUE IN 1976) SHE COULD BE IN TROUBLE.

2. IN ITS FOREIGN POLICY INDIA IS LOOKING FOR MORE BALANCE THROUGH BETTER RELATIONS WITH THE US A CHINA. YET IT CLINGS TENACIOUSLY TO LONG- STANDING POLICIES, SUCH AS CLOSE FRIEND- SHIP WITH THE SOVIET UNION, UNQUESTIONING SUPPORT FOR THE ARABS, NON- ALIGNMENT AND GREATER ASIAN COOPERATION. IN THE SUBCONTINENT ITSELF INDIA SEEKS IMPLEMENTATION OF THE SIMLA AGREEMENT WITH PAKISTAN, WHILE REMAINING SENSITIVE TO BANGLADESH VIEWS.

3. POLITICAL- MILITARY ASSESSMENT - INDIAN ARMED FORCES ARE LARGE, WITH OVER A MILLION AND A HALF MEN UNDER ARMS, WELL- TRAINED AND DISCIPLINED, ABLY LED, AND REASONABLY WELL- EQUIPPED, IN SPITE OF LINGERING PROBLEMS OF SHORTAGES AND OBSOLESCENCE. ALTHOUGH THE EXTERNAL THREAT WAS REDUCED BY THE 1971 WAR, INDIAN FORCES CONTINUE TO EXPAND AND MODERNIZE. THE APPARENT PURPOSE IS TO GIVE AUTHORITY TO INDIA' S VIEW OF ITSELF AS THE UNCHALLENGED POWER OF THE SUBCONTINENT AND FORCE TO BE RECKONED WITH IN THE INDIAN OCEAN AREA. INDIA CAN SUCCESSFULLY DEFEND ITSELF AGAINST ANY COMBINED, NON- NUCLEAR ATTACK BY CHINA AND PAKISTAN, HER ONLY LIKELY ADVERSARIES.

4. INDIA' S PRESENT REGIONAL MILITARY ADVANTAGE ENHANCES ITS TRADITIONAL DESIRE TO KEEP GREAT POWERS OUT OF THE INDIAN OCEAN AND TO PROMOTE THE CONCEPT OF A NUCLEAR- FREE ZONE. HENCE, ITS SENSITIVITY TO OR COMMUNICATIONS FACILITY ON DIEGO GARCIA.

5. INDIA HAS THE COMPETENCE TO MAKE AND EXPLODE A NUCLEAR

TEST DEVICE WITHIN A FEW MONTHS OF SUCH A DECISION, BUT KNOWS

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THAT DEVELOPMENT OF AN EFFECTIVE WEAPON AND DELIVERY SYSTEM IS MUCH MORE DIFFICULT AND COSTLY. IT HAS DECIDED NOT TO GO NUCLEAR AS LOFE AS IT CAN RELY ON FIREIGN - MOSTLY SOVIET - DETERRENCE OF CHINA. INDIA MIGHT REVERSE ITS POLICY (IT HAS NOT SIGNED ITS MISSILE SYSTEMS.

6. THE SOVIET CONNECTION IS A KEY FACTOR IN INDIA' S POLITICAL-MILITARY POLICIES. YET INDIA' S HEAVY DEPENDENCE ON SOVIET MILITARY EQUIPMENT (OVER ONE BILLION DOLLARS WIRTH SINCE 1972) AND MOSCOW' S CONTROL OF SPARE PARTS, CAUSE CONSIDERABLE CONCERN. THUS, INDIA HAS SOUGHT, WITHOUT MUCH SUCCESS, TO DIVERSIFY ITS FOREIGN SOURCES OF SUPPLY, AS WELL AS COUNTING HEAVILY ON ITS SUBSTANTIAL AND GROWING DOMESTIC DEFENSE INDUSTRY.

7. THERE ARE SEVERAL US MILITARY ITEMS INDIA WOULD LIKE. BUT IT IS PREPARED TO SACRIFICE ITS OWN DESIRES TO KEEP US EQUIPMENT FROM PAKISTAN; AND THUS WOULD PREFER WE EMBARGO ALL AMERICAN ARMS TO SOUTH ASIA.

8. TO LIMIT PAKISTANI AND CHINESE INFLUENCE, AND PROJECT ITS OWN IMAGE AS A WORLD LEADER, INDIA MAINTAINS MILITARY RELATIONS WITH SEVERAL OTHER COUNTRIES, IT HAS PROVIDED TRAINING FACILITIES IN INDIA AND ADVICE ABROAD TO THE ARAB SOCIALIST COUNTRIES, AND SEVERAL AFRICAN AND ASIAN STATES, MOSTLY COMMON-WEALTH MEMBERS. INDIA IS MILITARILY SUSPICIOUS OF IRAN AND INDONESIA AS POSSIBLE REGIONAL RIVALS.

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INFO OCT-01 ADP-00 SS-14 RSR-01 RSC-01 /029 W
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P R 021615 Z APR 73
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC PRIORITY 3513
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9. THE MILITARY BUDGET FOR FISCAL 1973 WAS JUST OVER TWO BILLION DOLLARS, OR 25 PERCENT OF THE TOAL BUDGET AND 3.6 PER-CENT OF GNP. THIS GNP PERCENTAGE HAS BEEN ALMOST CONSTANT SINCE THE MID- SIXITIES. THE ARMED FORCES ARE COMPLETELY LOYAL TO CONSTITUTIONAL GOVERNMENT.

10. ECONOMIC ASSESSMENT - COMBINATION OF BAD LUCK WITH WEATHER AND RIGID DOCTRINNAIRE POLICY HAVE STALLED INDIA' S ECONOMIC
GROWTH. THE AGRICULTURAL SETBACK IS ESPECIALLY DISTURBING, OCCURRING AFTER TECHNOLOGICAL ADVANCES OF THE GREEN REVOLUTION HAD PRODUCED A NEAR EUPHORIC BELIEF THAT INDIA COULD AT LAST FEED ITS PEOPLE AND ABOLISH POVERTY.
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1. WITH AGRICULTURE NO LONGER BOUYANT, THE A ACKS# IN THE ECONOMIC STRUCTURE HAVE BECOME DISMAYINGLY APPARENT TO ALL. WHILE THE INDUSTRIAL GROWTH RATE IS UP A BIT THIS YEAR, THE GROWTH IS LARGELY CONCENTRATED IN TEXTILES WHICH HAD BEEN SEVERELY DEPRESSED. INDUSTRY IN GENERAL REMAINS IN THE DOLDRUMS - PARTLY DUE TO BAD WEATHER WHICH AGGRAVATED THE ELECTRIC POWER SHORTAGE AND REDUCED AGRICULTURAL INPUTS. TO A GREAT EXTENT, HOWEVER, THE CAUSES ARE FRICTIONS AND DISINCENTIVES BORN OF EXTENSIVE CONTROLS IMPOSED IN AN EFFORT TO GUIDE INDIA TOWARD A 1930 S BRAND OF SOCIALISM WHICH APPEARS OBSESSIVE WITH THE POLITICAL LEADERSHIP. A CONCURRENT POLICY OF ECONOMIC NATIONALISM BOTH HEAVILY RESTRICTS OPPORTUNITIES CA INDIA FOR NEW FOREIGN INVESTMENT, AND DIMS THE PROSPECTS FOR MANY FOREIGN COMPANIES ALREADY ESTABLISHED

HERE. YET EXCEPTIONS ARE MADE WHEN ADVANCED FOREIGN TECHNOLOGY IS BROUGHT IN OR INDIAN EXPORTS WILL BE BOOSTED. DESPITE SLOW ECONOMIC GROWTH, INFLATION IS RAMPED - IN PART CAUSED BY SHORTAGES BUT ABETTED BY RECENT LARGE BUDGET DEFICITS.

12. FOR MORE THAN A DECADE INDIA HAS BEEN TRYING TO

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MAXIMIZE ECONOMIC COOPERATION WITH THE SOVIET UNION. THERE IS A MEASURE OF " SOCIALIST" LOYALTY IN THIS- CONGRESS PARTY SOCIALISTS IN PRACTICE DO NOT FIND THE TOTALITARIANISM OF THE SOVIET UNION AS INTENSELY DISTASTEFUL AS DO MOST DEMOCRATIC SOCIALIST PARTIES OF WESTERN EUROPE - AND ALSO AN ELEMENT OF DEFAULT.

THE WEST HAS NOT CHOSEN TO INVOLVE ITSELF IN HEAVY INDUSTRIAL DEVELOP-

MENT, WHEREAS THE SOVIETS HAVE. THIS CONNECTION, HOWEVER, HAS LED TO CONSIDERABLE TRADE DISTORTIONS - THE SOVIETS ARE NOT THE MOST GENEROUS OF AID DONORS - WHICH FURTHER HAMPER ECONOMIC GROWTH.

13. APART FROM THE PAST TWO YEARS, WHEN POPULATION GROWTH HAS ACTUALLY EXCEEDED INCOME GROWTH, THE TREND HAS BEEN FOR INDIA' S INCOME TO RISE ABOUT ONE PERCENTA YEAR MORE THAN ITS POPULATION. IT WILL PROBABLY DO NO BETTER OR WORSE IN THE REST OF THESNWAKNTIES.# GROWTH RETARDING POLICIES AND OTHER FACTORS LIMITING PROGRESS SEEM DESTINED TO CONTINUE. THIS COUNTRY IS GOING TO BE POOR FOR A LONG TIME.

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14. INDIA FACES AN INCREASING DEBT REPAYMENT BURDEN, AND EXTERNAL AID IS DECREASING. INDIA NOW ROUTINELY PAYS THE US GOVERNMENT MORE DOLLARS THAN IT RECEIVES FROM US IN AID. FAILING NEW US AID AUTHORIZATIONS, THIS WILL CONTINUE TO BE THE CASE.

15. POST STAFFING - WE HAVE 14 USG AGENCIES EMPLOYING 393 AMERICANS (INCLUDING 94 PEACE CORPS VOLUNTEERS) AND 1631 INDIANS. OF THOSE, USAID, PEACE CORPS AND THE DEFENSE DEPARTMENT ACCOUNT FOR OVER 90 PERCENT OF THE AMERICAN STAFF. 68 OF THE 393 OFFICIAL AMERICANS ARE AT OUR CONSULATES GENERAL, BOMBAY, CALCUTTA AND MADRAS. NUMBERS ARE DECREASING (IN EARLY 1971 AMERICAN EMPLOYEES TOTALLED 890). WE CAN CUT FURTHER AND STILL TAKE CARE OF OUR REALLY ESSENTIAL INTERESTS HERE. A BIG AMERICAN PRESENCE DOES NOT GO WITH THE TONE AND STYLE OF OUR POLICY FOR INDIA IN THE SEVENTIES.
MOYNIHAN

NOTE BY OC/ T: # AS RECEIVED. WILL BE SERVICED ON REQUEST.

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